

Message Text

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ACTION OES-07

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TAGS: TECH, PARM, MNUC, ENRG
SUBJECT: USG URANIUM SUPPLY TO PHILIPPINES UNDER 1968 AGREEMENT
FOR COOPERATION IN CIVIL USES OF NUCLEAR ENERGY

REF: (A) STATE 093306, (B) STATE 060855, (C) 75 STATE 276366

1. SUMMARY. GOP OFFICIALS HAVE ASKED EMBASSY "UNOFFICIALLY"
FOR INTERPRETATION OF ARTICLE VIII OF THE 1968 AGREEMENT ON
COOPERATION FOR CIVIL USES OF ATOMIC ENERGY WHICH APPARENTLY
COMMITTS THE U.S. ATOMIC ENERGY COMMISSION (NOW ERDA CUM DOE)
TO SUPPLY THE PHILIPPINES WITH NATURAL URANIUM FOR ITS NU-
CLEAR POWER PROGRAM UNDER CERTAIN CIRCUMSTANCES. END SUMMARY.

2. DR. LIBRADO IBE, COMMISSIONER OF PHILIPPINE ATOMIC ENERGY
COMMISSION (PAEC) AND DR. HIGINO IBARRA, CHIEF, NUCLEAR SER-
VICES DIVISION, NATIONAL POWER CORPORATION (NPC) CALLED EMB-
OFF IN TO DISCUSS INTERPRETATION OF ARTICLE VIII OF THE 1968
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US/RP AGREEMENT FOR COOPERATION IN CIVIL USES OF NU-
CLEAR ENERGY. DR. IBE CONCLUDES, AND HE HAS SO AD-
VISED SECRETARY OF ENERGY VELASCO, THAT, AS STATED IN
THE FIRST PARAGRAPH OF ARTICLE VIII A. "TH (ATOMIC
ENERGY) COMMISSION (U.S.) WILL SUPPLY TO THE GOP.....ALL
OF THE REQUIREMENTS OF THE REPUBLIC IF THE PHILIPPINES
FOR URANIUM ENRICHED IN THE ISOTOPE U-235 FOR USE AS FUEL

IN THE POWER REACTOR PROGRAM...".

3. DR. IBARRA SHARES EMBOFF INTERPRETATION THAT ARTICLE VIII IS A COMMITMENT TO PROVIDE ENRICHMENT SERVICE ONLY, FOR WHICH NPC HAS ALREADY CONTRACTED WITH US ERDA. IBARRA HOWEVER, BASES HIS VIEW IN PART ON THE PARENTHETICAL STATEMENT AT THE END OF ARTICLE VIII A.(1) WHICH HE FEELS COMMITS THE USG TO SUPPLY NATURAL URANIUM "UPON TIMELY ADVICE (THAT URANIUM) IS NOT REASONABLY AVAILABLE."

4. BACKGROUND: NPC NEEDS TO PURCHASE 622,000 LBS. OF U308 BY JANUARY 1980. FINDING A SUPPLY FO YELLOWCAKE FOR THE FIRST CHARGE MAY BE DIFFICULT BASED ON THE EXPERIENCE OF NPC OVER THE PAST TWO AND A HALF YEARS. (SEE 75 STATE 276366 FOR ERDA'S ADVICE TO THE GOP IN NOVEMBER 1975 ON WHERE TO LOOK FOR A FUELD SUPPLY. THE NPC IS STILL LOOKING FOR A SUPPLIER IN THE US AND ELSEWHERE. ITS NUCLEAR CONSULTANT, EBASCO, IS HELPING IN THE SEARCH. THE PHILIPPINES HAS SOUGHT A SUPPLY IN CANADA, AUSTRALIA, AND GABON AND WERE ADVISED IN EACH CASE THAT NO FIRMS COULD SUPPLY IN TIME FOR THE FIRST LOAD. MANY OF THESE FIRMS INDICATED POSSIBILITY OF FUTURE LONGTERM SUPPLY. GOP OFFICIALS FORESEE THE POSSIBILITY THAT NPC MAY NOT BE ABLE TO CONTRACT FOR SUPPLY IN RIGHT TIME FRAME ON ACCEPTABLE TERMS. THEREFORE, GOP MAY CONSIDER THE POSSIBILITY OF CALLING ON THE USG COMMITMENT LIMITED OFFICIAL USE

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TO SUPPLY URANIUM INHERENT IN ARTICLE VIII OF THE AGREEMENT. OFFICIALS WISH UNOFFICIAL CLARIFICATION OF THE TERMS OF THE AGREEMENT, HOWEVER, BEFORE MAKING AN OFFICIAL APPROACH.

5. FYI: EMBASSY IS PREPARING DIPLOMATIC NOTE FOR TRANSMITTAL OF NEW DRAFT AGREEMENT FOR PEACEFUL NUCLEAR COOPERATION CONTAINED IN REFTEL A. QUESTION ABOVE STEMMED FROM GOP REVIEW OF 1968 AGREEMENT OCCASIONED BY DISCUSSION ARISING FROM NUCLEAR NON-PROLIFERATION ACT OF 1978 (REFT ?). THE GOP WILL CONSIDER ANY COMMITMENT (IF SUCH EXISTS) TO SUPPLY NATURAL URANIUM UNDER THE CURRENT AGREEMENT TO STAND EVEN IF SAID AGREEMENT IS TERMINATED BY ARTICLE 12 OF THE PROPOSED AGREEMENT. INDEED, LOCAL ACCEPTANCE OF NEW DRAFT MAY HINGE ON HOW COMPLETELY USG RESPONDS TO REQUEST FOR CLARIFICATION OF THE CURRENT AGREEMENT. END FYI.

6. ACTION REQUESTED: PLEASE ANSWER FOLLOWING QUESTIONS CONCERNING USG COMMITMENT UNDER CURRENT AGREEMENT FOR COOPERATION. DOES ARTICLE VIII COMMIT USG TO SUPPLY PHILIPPINE REQUIREMENTS FOR URANIUM? UNDER ARTICLE VIII A.(1), WHAT IS CONSIDERED "TIMELY ADVICE" WITH RE-

SPECT TO THE JANUARY 1980 REQUIREMENT FOR FUEL, AND
WHAT DETERMINES WHETHER URANIUM "IS NOT REASONABLY AVAIL-
ABLE" TO THE GOP? IF THIS COMMITMENT DOES EXIST,
WILL THAT COMMITMENT CARRY OVER UNDER THE NEW DRAFT
AGREEMENT?
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